

LOUISIANA AGRICULTURAL FINANCE AUTHORITY (LAFA)

MINUTES

May 07, 2009

8:00 A.M.

Veterans Memorial Auditorium

5825 Florida Boulevard

Baton Rouge, LA 70780

**CALL TO ORDER**

The meeting was called to order by Commissioner Strain at 8:06 a.m.

**ROLL CALL**

The roll was called by Randy Rogers.

Those present were: Commissioner Strain, Robert Allain, Ted Gauthier, Brian Graugnard, Jerry Hunter and Marcell Parker.

Those absent were: William Hawkins, Richard Muller and Linda Zaunbrecher.

The Commissioner called a quorum.

**Others present:** Randy Rogers, LDAF; Pete Rudesill, LDAF; Faith Marionneaux, LDAF; Tabitha Gray, Executive Counsel; Marvin Montgomery, General Counsel; Melanie Barnett, LDAF; Hilary Stephenson, LDAF; Dr. Carrie Castille, LDAF.

**COMMISSIONER'S REPORT**

The Commissioner stated that we have a short agenda today. The Commissioner briefly went over the items to discuss on the agenda for today's meeting. The Financial Authority is in the final stages of obtaining the \$54 Million Dollars in Federal monies and we are aggressively waiting on the final approval. It is in Washington DC right now and hoping to finalize this very soon. The Two Million Dollar project for the Cold Storage Cooperative Endeavor is now in the Division of Administration's Office waiting to be signed. The Bulk Rice Loading facility is another project we are working on which funds have been identified for. Pilgrims Pride; which does not directly involve LAFA, is a complicated venture with Foster Farms and we are hoping to start setting eggs in the next two or 3 days.

**OLD BUSINESS**

There was none.

**NEW BUSINESS**

**Discussion and Consideration of a resolution authorizing the Commissioner to sign documents relating to loan modifications involving Lake Charles-Cane LLC and LAFA as guarantor.**

Jeff Davis Bank loaned Lake Charles-Cane LLC \$4Million to complete construction on the mill which was guaranteed by LAFA. It was set up as one payment, interest only, and five payments thereafter. Lake Charles-Cane has asked for two-ninety day extensions, one on November 4, 2008 and the other February 16, 2009. On May 3, 2009 Four Hundred Thousand Dollars (\$400,000.00) will be due and payable and on November 3, 2009 the amount of One Million Two Hundred Thousand (\$1,200,000.00) principal

payment plus interest will be due. Jeff Davis Bank has requested that we, the Guarantor, consent to the proposed changes in payment. If we do not agree to the changes, Jeff Davis Bank will not accept the \$400,000.00 as payment on May 3 Lake Charles-Cane LLC would be in default and the entire amount would be due which would be \$800,000.00. Since we are the guarantor, we are responsible for their non-payment so it is in our best interest to consent to the changes in hopes that they can meet their payments.

Mr. Graugnard questioned whether the penalty on not grinding cane was year to year. After much discussion, it was decided to authorize the Commissioner to sign the documents relating to the loan documents with modification.

**Motion:** A motion was made by Mr. Allain to authorize the Commissioner to sign documents relating to loan modifications involving Lake Charles-Cane LLC and LAFA as Guarantor. It was seconded by Mr. Hunter and passed unanimously.

**Discussion and Consideration of LAFA accepting and expending federal funds for the hardening of the Baton Rouge and Hammond complexes.**

Mr. Rogers explained that after Hurricanes Katrina and Rita, we were encouraged by the Governor's Office of Homeland Security to apply for FEMA funds through the Hazard Mitigation Grant Program since our Baton Rouge and Hammond facilities are critical facilities trying to function after hurricanes. The Department prepared and submitted our application three days before Hurricane Gustav took the roof of the building. The insurance paid to replace the roof on our Baton Rouge facility so we modified the application to do specific things that was needed to harden the building. Mr. Rudesill stated that the Department received Two Million One hundred Forty Eight Thousand, Six Hundred Twenty four Dollars (\$2,148,624.00) for the hardening of the Baton Rouge facilities and the Food Storage building and the Hammond complex received One Hundred Sixty Eight Thousand Four Hundred Twenty Six Dollars (\$168,426.00) along with administrative funds. It is not given in a lump sum. It is based on reimbursement of funds spent. As each project is complete, receipts would be turned in to get our money back. Mr. Rudesill explained that the walls bellied out and there is nothing holding the walls to the building. They will make a band around the building to hold it together, the front windows need to be replaced, air conditioners on the roof need to be strapped down, the Food Storage building needs to be tied down and the entire building needs to be re-screwed. The Hammond facility needs to have windows replaced; the building needs to be re-screwed, tie down air conditioners and replace the door with a metal door similar to a garage door that closes up and down so that the wind does not get under it. Mr. Hunter asked if we had to put up matching funds. Mr. Rudesill stated that we initially pay for everything but they in turn reimburse us for all expenditures.

**Motion:** A motion was made by Mr. Graugnard accepting and expending federal funds for the hardening of the Baton Rouge and Hammond complexes. It was seconded by Mr. Parker and passed unanimously.

**Discussion and Consideration of accepting and expending a 2008 Aquaculture Assistance Grant.**

Commissioner Strain introduced Dr. Carrie Castille to the board and asked her to come to the table to discuss the grant. Dr. Castille explained that it is a federal grant that she has

applied for the 2007 feed cost for producers. In February, President Obama signed the economic stimulus package and with that he also offered 50 m to administrate a 2008 Aquaculture Grant Program. The goal is basically to help cover food costs to aquaculture producers in the United States. They sent out a memo asking us to submit 2007 feed cost for Aquaculture Producers. The LSU AgCenter helped us with these numbers.

The application for the grant was in the amount of \$36 million but we do not yet know how much we will be receiving in grant money. Dr. Castille is requesting the board to accept and expend these monies through LAFA. Mr. Hunter asked who would be responsible for how the money is spent. Dr. Castille explained that there is certain guidelines that must be followed in issuing the money and she would follow those guidelines. Mr. Allain wanted to know who would be responsible for issuing the money. Dr. Castille answered that since no money was allowed for administration, she would be responsible for that also.

**Motion:** A motion was made by Mr. Allain to accept and expend the 2008 Aquaculture Assistant Grant through LAFA. It was seconded by Mr. Gauthier and passed unanimously.

#### **PUBLIC COMMENTS**

There were none.

#### **ADJOURNMENT**

Commissioner Strain adjourned the meeting at 8:45.